

EXHIBIT B-2

ADOR Settlement Agreements



Terry Goddard
Attorney General

Office of the Attorney General
State of Arizona

Writer's Direct Line: 602-542-8365
Email: christina.harper@azag.gov

March 30, 2007

Mike Gallaway
Bankcroft, Suza & Gallaway
3636 N. Central Ave., Ste., 1200
Phoenix, Arizona 85012


Re: W.R. Grace & Co.-Conn
Case Number: 01-01140
Attorney General File number: TAX01-1112

Dear Mike:

The settlement discussions regarding WR Grace's liability for Arizona corporate income tax, interest and penalties for taxable years ending December 31, 1993 through December 31, 1994 have been approved by the Arizona Department of Revenue and the Arizona Attorney General's Office. The settlement amount is \$26,981.49 and an amortization schedule is attached. We have drafted a Closing Agreement to formalize the settlement. Please review and let me know if anything needs to be changed. If no changes are necessary, have your client sign all three enclosed copies and return to my attention.

Also, please keep me updated on how WR Grace plans to proceed with having this settlement approved by the bankruptcy court.

Sincerely,


Christina Harper
Assistant Attorney General
Tax, Bankruptcy & Collection Section

Enclosures (as stated)
493898/TAX01-1112

ARIZONA DEPARTMENT OF REVENUE
CORPORATE INCOME TAX AUDIT SECTION
INTEREST OFFSET CALCULATION

FORM CA203-INT

TAXPAYER: W.R. Grace & Co.

FEIN: 13-5114230

AUDITOR:

YEAR END	ADD TAX / REFUND DUE	ACCUMULATED TAX DUE / REFUND	INTEREST		RATE	FACTOR	INTEREST
			FROM	TO			
COMPOUNDING POINT							
12/31/1993	9,138.00	0.00	01-Jan-94	15-Apr-94	6%	0.0201390	0.00
		9,138.00	16-Apr-94	30-Jun-94	7%	0.0145768	133.20
		9,138.00	01-Jul-94	30-Sep-94	8%	0.0201664	184.28
		9,138.00	01-Oct-94	31-Dec-94	9%	0.0226872	207.32
COMPOUNDING POINT							
		9,662.80	01-Jan-95	31-Mar-95	9%	0.0221940	214.46
		9,662.80	01-Apr-95	15-Apr-95	10%	0.0041100	39.71
12/31/1994	5,556.00	18,218.80	16-Apr-95	30-Jun-95	10%	0.0208240	337.74
		18,218.80	01-Jul-95	31-Dec-95	9%	0.0453744	735.92
COMPOUNDING POINT							
		17,546.63	01-Jan-96	31-Mar-96	9%	0.0223769	392.84
		17,546.63	01-Apr-96	15-Apr-96	8%	0.0032790	57.54
12/31/1995		17,546.63	16-Apr-96	30-Jun-96	8%	0.0166136	291.51
		17,546.63	01-Jul-96	31-Dec-96	9%	0.0452456	793.91
COMPOUNDING POINT							
		19,082.23	01-Jan-97	15-Apr-97	9%	0.0258930	494.10
12/31/1996		19,082.23	16-Apr-97	31-Dec-97	9%	0.0641160	1,223.48
COMPOUNDING POINT							
		20,799.81	01-Jan-98	31-Mar-98	9%	0.0221940	461.63
		20,799.81	01-Apr-98	15-Apr-98	8%	0.0032880	68.39
12/31/1997		20,799.81	16-Apr-98	31-Dec-98	8%	0.0569920	1,185.42
COMPOUNDING POINT							
		22,515.25	01-Jan-99	31-Mar-99	7%	0.0172620	388.66
		22,515.25	01-Apr-99	15-Apr-99	8%	0.0032880	74.03
12/31/1998		22,515.25	16-Apr-99	30-Sep-99	8%	0.0368256	829.14
		22,515.25	01-Oct-99	31-Dec-99	8%	0.0201664	454.05
COMPOUNDING POINT							
		24,261.13	01-Jan-2000	31-Mar-2000	8%	0.0198926	482.82
		24,261.13	01-Apr-2000	15-Apr-2000	9%	0.0036885	89.49
12/31/1999	0.00	24,261.13	16-Apr-2000	31-Dec-2000	9%	0.0639340	1,551.11
COMPOUNDING POINT							
		26,384.35	01-Jan-2001	31-Mar-2001	9%	0.0221940	585.57
		26,384.35	01-Apr-2001	02-Apr-2001	8%	0.0004384	11.57
12/31/2000	0.00	0.00	03-Apr-2001	30-Jun-2001	8%	0.0195088	0.00
		0.00	01-Jul-2001	31-Dec-2001	7%	0.0352912	0.00
							\$15,894.00
TOTAL TAX & INTEREST						<u>\$26,981.49</u>	\$11,287.49

CLOSING AGREEMENT

Pursuant to Arizona Revised Statutes ("A.R.S.") § 42-1113, W.R. GRACE & CO., FEIN 13-5114230, ("Taxpayer"), and the ARIZONA DEPARTMENT OF REVENUE ("Department") (hereinafter collectively referred to as the "Parties") enter into the following Closing Agreement relating to the Taxpayer's liability for Arizona corporate income tax, interest and penalties ("Liability") for taxable years ending December 31, 1993 through December 31, 1994 ("Assessment Period"). In order to avoid the cost and risks of litigation, both Parties have determined to resolve the issues arising from the Department's audit relative to the Assessment Period by means of the compromise settlement outlined in this Closing Agreement.

TERMS OF AGREEMENT

1. Taxpayer agrees to pay the Department the sum of \$26,981.49 ("Closing Amount") in full and complete satisfaction of the Liability for the Assessment Period.

2. On April 2, 2001, Taxpayer filed a chapter 11 bankruptcy petition in Delaware and the bankruptcy is still pending. The Department properly filed a Proof of Claim ("Claim") preserving its claim regarding the Liability for the Assessment Period in the bankruptcy proceeding. Based on this Closing Agreement, Taxpayer agrees to treat the Claim as an approved priority tax claim in the Closing Amount. The Closing Amount will be paid pursuant to the Taxpayer's Plan with interest to accumulate at the legal rate from the date a Plan Confirmation Order is entered.

CLOSING AGREEMENT
W.R. GRACE & CO.

PAGE 2

If the Taxpayer does not confirm a Plan, the Closing Amount will become immediately due and owing and must be paid-in-full within thirty (30) days of Order dismissing the case ("Payment Due Date"). If Taxpayer does not pay the Closing Amount by the Payment Due Date, this Closing Agreement is voidable by the Department. Payment shall be considered to be made on the date of the postmark on the envelope transmitting payment as follows:

Arizona Attorney General's Office
Attn: Christina Harper
1275 W. Washington
Phoenix, Arizona 85007

If Taxpayer does not pay the Closing Amount by the Payment Due Date and the Department does not elect to void this Closing Agreement, interest will accrue at the statutory rate from the Payment Due Date until the date of payment.

3. It is the intent of the Parties that this Closing Agreement is a final and conclusive settlement of Taxpayer's Liability for the Assessment Period, except on a showing of fraud, malfeasance, or misrepresentation of material fact, as set forth in A.R.S. § 42-1113, provided however, pursuant to A.R.S. § 42-1108.

4. By executing this Closing Agreement, Taxpayer hereby withdraws any and all refund claims, protests and appeals that seek resolution of issues relating to the Liability for the Assessment Period, and the Department hereby accepts the amount paid pursuant to this Closing Agreement as payment in full of all assessments, charges, and liens that seek corporate income tax, interest, and penalties from Taxpayer for the Assessment Period. This Closing Agreement marks the end of any administrative review or litigation between the Taxpayer and the Department with respect to the Taxpayer's Liability for the Assessment Period.

CLOSING AGREEMENT
W.R. GRACE & CO.

PAGE 3

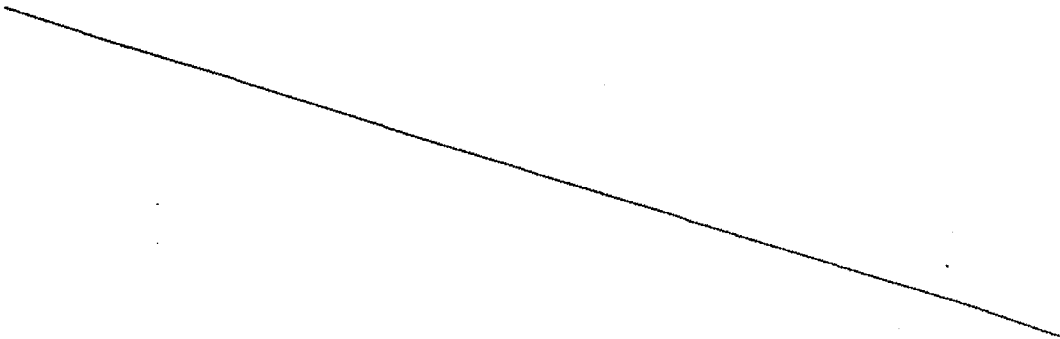
5. This Closing Agreement is in settlement of the Taxpayer's Liability for the Assessment Period and is neither an admission by the Taxpayer or the Department of tax liability for any specific sum, nor an acknowledgment of any fact or legal position. This Closing Agreement does not imply any Departmental policy with respect to the taxability or non-taxability of any activity under any tax. This Closing Agreement shall not be admissible in any other proceeding for any other period or with respect to any other matter, except for proceedings brought to enforce this Closing Agreement.

6. This Closing Agreement represents the entire agreement of the Parties with respect to Taxpayer's Liability for the Assessment Period, and no representations, warranties, inducements, or oral agreements have been made by any of the Parties except as expressly set forth herein.

7. This Closing Agreement is binding upon and inures to the benefit of the Parties and their respective successors and assigns.

8. No provision of this Closing Agreement may be waived or modified except in writing signed by both Parties.

9. This Closing Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.



CLOSING AGREEMENT
W.R. GRACE & CO.

PAGE 4

By signing, the undersigned Parties certify that they have read and agreed to the terms of this Closing Agreement. Additionally, the signatories certify that they have the authority to sign this Closing Agreement and thereby bind their respective party.

Date: _____ W.R. GRACE & CO.

By: _____

Its: _____

Date: _____ ARIZONA DEPARTMENT OF REVENUE

By: _____
Donna S. McCuin

Its: Administrator, Corporate Audit



JANET NAPOLITANO
GOVERNOR

GALE GARRIOTT
DIRECTOR

ARIZONA DEPARTMENT OF REVENUE
FAX COVER SHEET
Office of Corporate Tax Appeals

TO: Tim Cremin

FAX NUMBER: 561-362-1323

FROM: Barbara Rivera

TELEPHONE NUMBER: 602-716-7404

NUMBER OF PAGES (Not including this page): 3

CONFIDENTIAL

THE INFORMATION CONTAINED IN THIS TRANSMITTAL IS CONFIDENTIAL AND INTENDED ONLY FOR THE PERSON(S) NAMED ABOVE AND FOR AUTHORIZED PURPOSES. DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION BY ANYONE OTHER THAN THE PERSON(S) NAMED ABOVE IS STRICTLY PROHIBITED. IMPROPER DISCLOSURE WILL BE REVIEWED FOR SANCTIONS UNDER ARS §§ 42-2001-2004. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY THE PERSON WHO SENT THE FAX AND RETURN THE ORIGINAL MESSAGE TO US VIA ORDINARY MAIL. YOUR COOPERATION IS APPRECIATED.

Comments: Tim, Sorry about the error in the date. I have faxed the two new interest sheets and a new cover page for the agreement. Please let me know if you need anything else. Thanks

Arizona Department of Revenue
1600 West Monroe Street, Room 201

CLOSING AGREEMENT

Pursuant to Arizona Revised Statutes ("A.R.S.") § 42-1113, FRESENIUS NATIONAL MEDICAL CARE HOLDINGS, INC., FEIN 13-3461988, ("Taxpayer"), and the ARIZONA DEPARTMENT OF REVENUE ("Department") (hereinafter collectively referred to as the "Parties") enter into the following Closing Agreement relating to the Taxpayer's liability for Arizona corporate income tax, interest and penalties ("Liability") for taxable year ending December 31, 1995 ("Assessment Period"). In order to avoid the cost and risks of litigation, both Parties have determined to resolve the issues arising from the Department's audit relative to the Assessment Period by means of the compromise settlement outlined in this Closing Agreement.

TERMS OF AGREEMENT

1. On or before December 31, 2006 ("Payment Due Date"), Taxpayer will pay the Department the sum of \$15,920.08 ("Closing Amount") in full and complete satisfaction of the Liability for the Assessment Period.

2. If Taxpayer does not pay the Closing Amount by the Payment Due Date, this Closing Agreement is voidable by the Department. Payment shall be considered to be made on the date of the postmark on the envelope transmitting payment to the Department. If Taxpayer does not pay the Closing Amount by the Payment Due Date and the Department does not elect to void this Closing Agreement, interest will accrue at the statutory rate from the Payment Due Date until the date of payment.

**ARIZONA DEPARTMENT OF REVENUE
CORPORATE INCOME TAX AUDIT SECTION
INTEREST OFFSET CALCULATION**

FORM CA203-INT

TAXPAYER: Freemius National Medical Care Holdings, Inc.			FEIN: 0			AUDITOR: 0	
YEAR END	ADD TAX / REFUND DUE	ACCUMULATED TAX DUE / REFUND	INTEREST		FACTOR	INTEREST	
			FROM	TO	RATE		
		0.00	01-Apr-96	16-Apr-96	7%	0.0032790	0.00
12/31/1995	7,611.00	7,611.00	16-Apr-96	30-Jun-96	8%	0.0166136	128.46
		7,611.00	01-Jul-96	31-Dec-96	9%	0.0462456	344.36
COMPOUNDING POINT		8,061.81	01-Jan-97	16-Apr-97	9%	0.0255930	209.28
12/31/1996		8,061.81	16-Apr-97	31-Dec-97	9%	0.0641160	618.17
COMPOUNDING POINT		8,809.24	01-Jan-98	31-Mar-98	9%	0.0221940	166.51
		8,809.24	01-Apr-98	16-Apr-98	8%	0.0032660	28.96
12/31/1997		8,809.24	16-Apr-98	31-Dec-98	8%	0.0669920	602.06
COMPOUNDING POINT		9,536.77	01-Jan-99	31-Mar-99	7%	0.0172620	164.81
		9,536.77	01-Apr-99	16-Apr-99	8%	0.0032660	31.36
12/31/1998		9,536.77	16-Apr-99	30-Sep-99	8%	0.0368268	351.16
		9,536.77	01-Oct-99	31-Dec-99	8%	0.0201664	192.30
COMPOUNDING POINT		10,276.18	01-Jan-2000	31-Mar-2000	8%	0.0188928	204.40
		10,276.18	01-Apr-2000	16-Apr-2000	9%	0.0032668	37.90
12/31/1999	0.00	10,276.18	16-Apr-2000	31-Dec-2000	9%	0.0639340	866.93
COMPOUNDING POINT		11,174.42	01-Jan-2001	31-Mar-2001	9%	0.0221940	248.01
		11,174.42	01-Apr-2001	16-Apr-2001	8%	0.0032660	36.74
12/31/2000	0.00	11,174.42	16-Apr-2001	30-Jun-2001	8%	0.0166592	166.16
		11,174.42	01-Jul-2001	31-Dec-2001	7%	0.0352012	394.36
COMPOUNDING POINT		12,039.69	01-Jan-2002	16-Apr-2002	8%	0.0172620	207.83
12/31/2001	0.00	12,039.69	16-Apr-2002	31-Dec-2002	8%	0.0427440	514.82
COMPOUNDING POINT		12,782.14	01-Jan-2003	16-Apr-2003	6%	0.0143850	163.56
		12,782.14	16-Apr-2003	30-Sep-2003	5%	0.0230190	283.73
12/31/2002	0.00	12,782.14	01-Oct-2003	31-Dec-2003	4%	0.0100832	128.88
COMPOUNDING POINT		13,368.13	01-Jan-2004	31-Mar-2004	4%	0.0099483	132.96
		13,368.13	01-Apr-2004	16-Apr-2004	5%	0.0020490	27.39
12/31/2003	0.00	13,368.13	16-Apr-2004	30-Jun-2004	5%	0.0103816	136.78
		13,368.13	01-Jul-2004	30-Sep-2004	4%	0.0100666	134.42
		13,368.13	01-Oct-2004	21-Oct-2004	5%	0.0029696	38.35
		13,368.13	22-Oct-2004	31-Dec-2004	5%	0.0066986	129.66
		13,966.68	01-Jan-2005	31-Mar-2005	5%	0.0123300	172.25
		13,966.68	01-Apr-2005	16-Apr-2005	6%	0.0024680	34.46
12/31/2004	0.00	13,966.68	16-Apr-2005	30-Sep-2005	6%	0.0278192	385.83
		13,966.68	01-Oct-2005	31-Dec-2005	7%	0.0176456	248.50
		14,808.71	01-Jan-2006	16-Apr-2006	7%	0.0201390	288.23
	0.00	14,808.71	16-Apr-2006	30-Jun-2006	7%	0.0145768	213.66
		14,808.71	01-Jul-2006	31-Dec-2006	8%	0.0403328	697.28
		\$7,611.00					\$8,302.08
TOTAL TAX & INTEREST						\$15,920.91	

FORM CA203INT

**ARIZONA DEPARTMENT OF REVENUE
CORPORATE INCOME TAX AUDIT SECTION
INTEREST OFFSET CALCULATION**

FEIN: 0
AUDITOR: 0

TAXPAYER: Fresenius National Medical Care Holdings, Inc.

YEAR END	ADD TAX / REFUND DUE	ACCUMULATED TAX DUE / REFUND	INTEREST		RATE	FACTOR	INTEREST
			FROM	TO			
12/31/1995	7,811.00	0.00 7,811.00 7,811.00	01-Apr-96 16-Apr-96 01-Jul-96	15-Apr-96 30-Jun-96 31-Dec-96	7% 8% 9%	0.0032790 0.0156136 0.0452456	0.00 126.46 344.38
COMPOUNDING POINT		8,081.81	01-Jan-97	15-Apr-97	9%	0.0251930	209.28
12/31/1996		8,081.81	16-Apr-97	31-Dec-97	9%	0.0641160	516.17
COMPOUNDING POINT		8,809.24	01-Jan-98	31-Mar-98	9%	0.0221940	195.51
COMPOUNDING POINT		8,809.24	01-Apr-98	15-Apr-98	8%	0.0032890	28.98
12/31/1997		8,809.24	16-Apr-98	31-Dec-98	8%	0.0369820	502.06
COMPOUNDING POINT		9,535.77	01-Jan-99	31-Mar-99	7%	0.0172620	164.81
COMPOUNDING POINT		9,535.77	01-Apr-99	15-Apr-99	8%	0.0032880	31.35
12/31/1998		9,535.77	16-Apr-99	30-Sep-99	8%	0.0366256	351.16
COMPOUNDING POINT		9,535.77	01-Oct-99	31-Dec-99	8%	0.0201664	182.30
COMPOUNDING POINT		10,275.19	01-Jan-2000	31-Mar-2000	8%	0.0198926	204.40
COMPOUNDING POINT		10,275.19	01-Apr-2000	15-Apr-2000	9%	0.0036886	37.90
12/31/1999	0.00	10,275.19	16-Apr-2000	31-Dec-2000	9%	0.0638340	856.93
COMPOUNDING POINT		11,174.42	01-Jan-2001	31-Mar-2001	8%	0.0221940	248.01
COMPOUNDING POINT		11,174.42	01-Apr-2001	15-Apr-2001	8%	0.0032890	39.74
12/31/2000	0.00	11,174.42	16-Apr-2001	30-Jun-2001	8%	0.0164592	188.16
COMPOUNDING POINT		11,174.42	01-Jul-2001	31-Dec-2001	7%	0.0362912	394.36
COMPOUNDING POINT		12,039.69	01-Jan-2002	15-Apr-2002	8%	0.0172620	207.83
12/31/2001	0.00	12,039.69	16-Apr-2002	31-Dec-2002	8%	0.0427440	514.62
COMPOUNDING POINT		12,782.14	01-Jan-2003	15-Apr-2003	5%	0.0143690	183.58
COMPOUNDING POINT		12,782.14	16-Apr-2003	30-Sep-2003	5%	0.0230150	293.73
12/31/2002	0.00	12,782.14	01-Oct-2003	31-Dec-2003	4%	0.0100832	128.68
COMPOUNDING POINT		13,368.13	01-Jan-2004	31-Mar-2004	4%	0.0096480	132.98
COMPOUNDING POINT		13,368.13	01-Apr-2004	15-Apr-2004	5%	0.0020490	27.39
12/31/2003	0.00	13,368.13	16-Apr-2004	30-Jun-2004	5%	0.0103816	138.78
COMPOUNDING POINT		13,368.13	01-Jul-2004	30-Sep-2004	4%	0.0100666	134.42
COMPOUNDING POINT		13,368.13	01-Oct-2004	21-Oct-2004	6%	0.0021984	38.35
COMPOUNDING POINT		13,368.13	22-Oct-2004	31-Dec-2004	6%	0.0096966	129.63
COMPOUNDING POINT		13,986.68	01-Jan-2005	31-Mar-2005	5%	0.0123300	172.25
COMPOUNDING POINT		13,986.68	01-Apr-2005	15-Apr-2005	5%	0.0024880	34.46
12/31/2004	0.00	13,986.68	16-Apr-2005	30-Sep-2005	8%	0.0276182	383.83
COMPOUNDING POINT		13,986.68	01-Oct-2005	31-Dec-2005	7%	0.0178466	246.60
COMPOUNDING POINT		14,808.71	01-Jan-2006	15-Apr-2006	7%	0.0201360	288.23
COMPOUNDING POINT		14,808.71	16-Apr-2006	30-Jun-2006	7%	0.0146788	215.88
COMPOUNDING POINT		14,808.71	01-Jul-2006	31-Dec-2006	8%	0.0403328	597.25
COMPOUNDING POINT		15,620.06	01-Jan-2007	31-Jan-2007	8%	0.0067946	106.17

\$7,811.00

TOTAL TAX & INTEREST

\$16,028.26

35,417.25